REED SMITH SHAW & MCCLAY

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WRITER'S DIRECT NUMBERS PHONE 202-414-9463 FAX 202-414-9299 INTERNET Jocana@issin com

January 28, 1997

Whit W. Jordan
Executive Director, Federal Regulatory
BellSouth Corporation
1133 - 21st Street, N.W.
Suite 900
Washington, D.C. 20036

VIA FACSIMILE ORIGINAL FOLLOWS BY US. MAIL

Re: Intermedia request for escalation of discussions to resolve interconnection implementation issues

Dear Whit:

This letter follows our letter to you dated January 8, 1997, requesting responses to five issues regarding implementation of the ICI/BellSouth interconnection agreement; the conference call of January 23, 1997 in which we were joined by Tom Allen to discuss those issues; and your written response dated January 23, 1997.

Issue 1: We understand that BellSouth will revise its CRIS billing system in the future to include the CABS-like functions that we have requested. We thank you for your clarification of BellSouth's position, and look forward to the implementation of these changes. In the interim, we understand that BellSouth will implement a Club Bill format that will provide us with the billing detail we require in the near future. We will work with our account team to implement this billing system as soon as possible, and expect to hear from the BellSouth account team within the week.

Issue 2: You clarified BellSouth's position that, until we can obtain unbundled Frame Relay loops from BellSouth, we must continue to take tariffed Synchronet service. Moreover, you stated that it is BellSouth's current position that the Synchronet service will not be unbundled, and that we must pay for all Synchronet elements — including the \$25.00 per-line port charge — even if we have no need for that functionality. We must inform you that this position is inconsistent with commitments that BellSouth personnel made to us in the past, and violates an express agreement that ICI and BellSouth reached during their negotiation discussions.

From the beginning of our interconnection negotiations, ICI requested unbundled Frame Relay-capable loops, and BellSouth confirmed its intention to provide them. BellSouth has been unable to deliver such loops to date, and we continue to request them. During our negotiations, it was suggested by BellSouth personnel that ICI could use Synchronet loops as an interim measure, until BellSouth could deploy the requested unbundled Frame Relay-capable loops. On June 11, 1996, we received from Jerry Hendrix a fax that clearly identified the Synchronet functions that we would purchase in lieu of the unbundled Frame Relay loops, and the rates that we would pay.

REED SMITH SHAW & McCLAY

Mr. Whit W. Jordan January 28, 1997 Page 2

1

A copy of the fax is attached for your review at tab A, and contains no mention of the \$25.00 port charge.

It has been ICI's position from the beginning that ICI is prepared to pay for the service it obtains from BellSouth. We stress, however, that the provision of Synchronet — absent the \$25.00 port charge — was from the start an interim solution proposed by BellSouth that was intended to provide the functional and cost surrogate for an unbundled Frame Relay loop. This was the mutual understanding of ICI and BellSouth, as discussed during a luncheon meeting between Tom Allen and Joe Baker, Fred Monacelli and Bill French on November 11, 1996.

ICI initially requested unbundled Frame Relay loops by a written request on July 11, 1996, and has consistently repeated its request to date. In a letter dated September 10, 1996, BellSouth committed to fulfilling that request, although to date it has been unable or unwilling to do so. A copy of the correspondence is attached at tab B for your review. ICI's primary concern continues to be the provisioning of the requested loops, and ICI would prefer not to expend its resources in debating interim solutions. However, until BellSouth can provision the unbundled Frame Relay loops per its commitment — and ICI stresses its need for such loops as soon as possible — ICI requests that BellSouth provide the Synchronet links in the way the parties agreed, and at the rates that BellSouth quoted to ICI in writing.

Items 3 and 4: In response to ICI's requests for subloop unbundling arrangements and the provision of call record detail in electronic format, you have confirmed that BellSouth has convened two "task forces" to seek the solutions that ICI has required. While ICI is glad to see some progress on this front, it is profoundly disappointed that BellSouth is unable to provide a more substantive response to ICI's requests at this time. As ICI made clear during our conference call, we do not have complete confidence in the ability of some of the account representatives to provide a timely solution to ICI's requests, and we are profoundly concerned that the establishment of task forces may constitute an unproductive exercise that engenders additional delay. While we will participate actively in these task forces and will work with BellSouth's designated account representatives to the best of our ability, we stress that process is not enough — ICI requires that solutions be implemented as soon as possible.

Item 5: Regarding ICI's request for clarification of BellSouth's policies on resale, our conversation on the 23rd provided some answers, but additional clarification is required. First, per our conversation, we concluded that ICI can resell BellSouth's Customer Specific Arrangements ("CSAs"), and that, when such CSA's are provided on a long-term contract basis, ICI can assume the remaining term commitment -- and other rights and responsibilities associated with the CSA. We understand that, when ICI assumes such contracts, it will not be considered a termination of service, and no termination liability penalties will be assessed on the customer. It is also our

REED SMITH SHAW & MCCLAY

Mr. Whit W. Jordan January 28, 1997 Page 3

understanding that, because ICI will be reselling the CSAs, the state-prescribed avoidable cost discount will apply to such resale.

Regarding the pricing of nonrecurring charges, we understand that further clarification is required. It is our position that the Telecommunications Act of 1996 does not limit BellSouth's obligation to provide all tariffed services for resale at avoidable cost, and that this requirement applies fully to nonrecurring charges as well as to recurring rates. We understand that BellSouth is taking this position under advisement, and will clarify its own position in the near future.

Whit, thank you for acting as an expediter in obtaining some answers and establishing processes for further action. We look forward to working directly with our account representatives to resolve outstanding issues relating to our interconnection requests, and we look forward to talking with you in the near future to clarify further BellSouth's position on the pricing for our interim Synchronet arrangement, and on the resale treatment of nonrecurring charges.

Again, thank you for you help in this matter.

Sincerely,

Jonathan E. Canis

Date:

June 18, 1997

To:

Jerry Hendrix Pam Kruse

From:

Don Davis

Subject:

Broadband Exchange Line Component UNEs

Over the past few months, several discussions have taken place between Intermedia and BellSouth regarding Intermedia's ability to purchase the UNEs necessary to provide a Broadband Exchange Line which would be compatible with our data and frame relay products. Such UNEs would replace the current method of utilizing DDAS or Synchronetsm circuits as a surrogate for this functionality. Discrepancies during these discussions as to what components were necessary to provide this capability have thwarted efforts to reach full agreement on this capability. Attached are three drawings or schematics which we hope to utilize to ensure that both parties fully understand what is being requested and what can be utilized to provide the requested functionality.

The schematics are based upon Intermedia's interpretation of the material which was forwarded by Pam. Three distinct serving arrangements are presented as follows:

- 1. Intermedia is colocated in same central office as end user:
- 2. DS1 transport required from end user central office to Intermedia colocation space; and,
- 3. DS0 transport required from end user central office to Intermedia colocation space.

For each scenario, the items provided by BellSouth and the items provided by Intermedia are clearly marked. Within this context, the functional elements involved in providing the service are presented. This is followed by an itemization of the interconnection rate elements associated with providing the requested functionality. At the bottom of the diagram, Florida interconnection rate elements are presented for illustrative purposes.

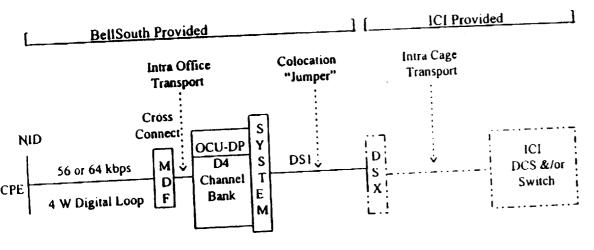
Please review the diagrams and the associated material to ensure that we truly are on the "same page". If we can reach agreement that these are correct, or alternatively, correct them as necessary, we can then proceed to finalizing a contract addendum in this area.

As these arrangements are extremely significant to Intermedia, your response by June 25th would be appreciated. Please call me at (813) 829-6724 if you have any questions concerning this material or Intermedia's interpretation of the UNE requirements.

roadband Exchange Line roposed UNE Configurations ervice Components and Chargeable Elements

Does not include colocation charges)

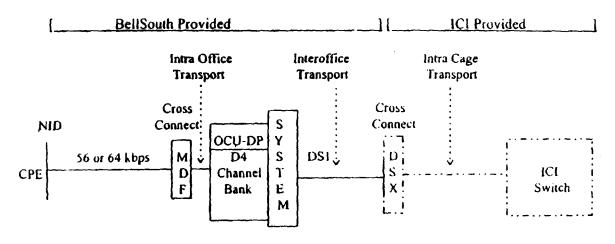
CI Colocated in BST Serving Office



|----\$27.00 @ loop--| |-\$1.15 @ ckt-| |---| |----\$8.00----| |----\$27.00 @ System BST Item
Loop NID, Loop, MDF, Cross Connect
Chan Interface
Chan System
Colac XConn
Colac XConn
Intra Office Jumper from Chan Bank to ICI Space

roadband Exchange Line
roposed UNE Configurations
ervice Components and Chargeable Elements
loes not include colocation charges)

edicated Transport (DSI) From BST Serving Office to ICI Colocation Point



BellSouth Rate Elements

|----\$27.00 @ loop--||-\$1.15 @ ckt-| |\$400 @||-\$16.75 @-||\$59.75| | System Mile BST Item Includes

Loop NID, Loop, MDF, Cross Connect Chan Interface Intra Office Transport, OCU-DP

Chan System Multiplexing System

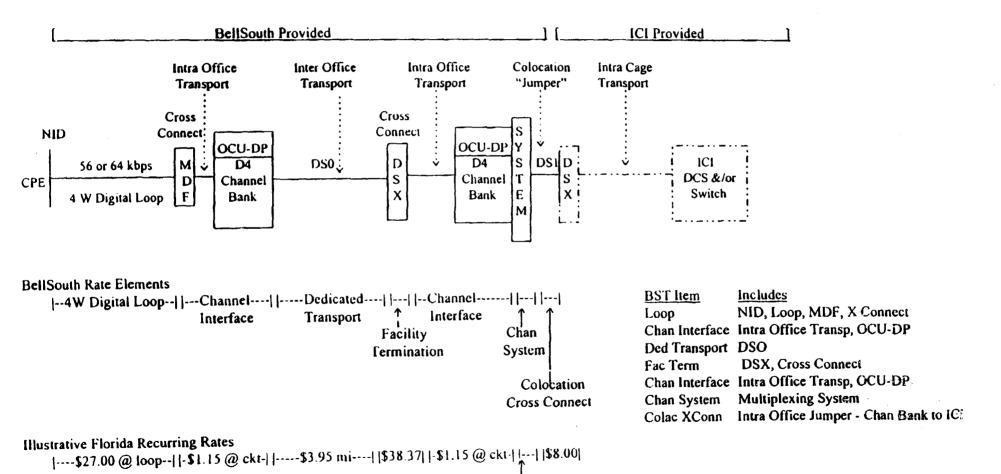
Ded Transp DS1

Fac Term DS1 Termination

Broadband Exchange Line Proposed UNE Configurations Service Components and Chargeable Elements

(Does not include colocation charges)

Dedicated Transport (DS0) From BST Serving Office to ICI Colocation Point



\$400 @ System July 12, 1997

AND THE STREET S

To: Jerry Hendrix - BellSouth Telecommunications

From: Julia Strow - Intermedia Communications

Subject: Current Local Interconnection Issues

Per your request, outlined below is a listing and status of the issues discussed on our conference call Friday, July 11, 1997.

NetSolve Circuits

In May, 1997, due to the acquisition of Netsolve earlier this year, Intermedia requested that the conversion process for the Netsolve circuits to be moved to the Intermedia unbundled frame relay arrangement with BellSouth be initiated. Intermedia agrees that at such time that orders can be placed or at such time that the circuits can be converted through a mechanized conversion that such action will be taken by Intermedia. This is consistent with the agreement BellSouth and Intermedia have at present on the frame relay circuits. At present the processes are still being worked out between the companies. The issue outstanding between BellSouth and Intermedia is the date that the credits should be initiated. Intermedia's position is that the credits should have been initiated at the time the Netsolve circuits became Intermedia circuits, therefore, retroactive credit is due.

Frame Relay Unbundling

BellSouth is reviewing the schematics forwarded by Intermedia that represent our understanding of the unbundled network elements being provided by BellSouth. Intermedia has received a verbal response from Pam Kruse that BellSouth is in agreement with the Intermedia schematics. A written response confirming the verbal response has been requested by Intermedia and it is our understanding that this response will be forwarded on Monday, July 14th. Additionally, Intermedia has requested that the March contract addendum be updated to reflect the unbundled network components agreed to and to update the pricing associated with these elements. Intermedia's understanding is that BellSouth will provide this update.

Resale Agreement

Several issues have been raised by Intermedia concerning the new resale agreement. It us Intermedia's understanding that BellSouth will agree to the changes requested by Intermedia with the exception of Item A. in Section III. General Provisions. Intermedia and BellSouth are not in agreement as to the intent and the interpretation of the FCC's order in CC Docket 98-96 on the issue of whether Intermedia can purchase

telecommunications services from BellSouth at the wholesale rate for its own use. This issue is under reviewby the attorneys representing our companies. As information, Jon Canis of Kelley, Drye and Warren LLP (202-966-9664), is the attorney BellSouth should contact for resolution of this issue with intermedia.

July 31, 1997

To:

Pam Kruse - BellSouth

From:

Julia Strow - Intermedia

Subject: Unbundled Frame Relay Network Elements

I wanted to follow up on some of the contract issues we have discussed over the last few weeks. You have indicated that the contract amendment signed February 24, 1997, when coupled with the proposed pending contract amendment will contain all of the elements necessary to support the unbundled network elements we have requested. While Intermedia agrees that all the rate elements for the "piece-parts" are resident between the two agreements, we do have a couple of issues that need to be addressed before we sign the pending amendment. First, there is a discrepancy and possibly an error in the rates for dedicated transport. The February amendment shows the DS1 mileage rate at \$1.60 per mile and the pending amendment shows this same rate element as \$16.75. This is a fairly significant difference. Could you please clarify if the proposed amendment rate is an error.

Second, the February amendment contains a technical description of the unbundled four wire loop. We request that technical descriptions of the other unbundled network elements also be developed in a similar manner to describe the technical capabilities of the other elements.

Third, we need to test a circuit from order entry to cutover to make sure that it works and to make sure that the ordering and provisioning processes are in place and prepared to handle our ongoing activity. I do know that we discussed working together on the ordering and provisioning processes so that we don't run into unanticipated problems.

Also, as we discussed we want to work toward a mechanized conversion of our embedded base. At such time that we have completed the other items above, we will convert the base to the unbundled arrangement and at that time all orders for new service will be processed as unbundled elements.

Pam, most of the above has been discussed by our two companies and should come not be a surprise, however, if you have any questions, please do not hesitate to call me.

cc: Mike Viren
Jerry Hendrix

April 18, 1997

Pam Kruse, BellSouth Telecommunications

Dear Pam,

Here is a list of proposed topics for discussion at our April 24th meeting in Atlanta.

<u>Springs Industries</u> - Discuss a resolution of the billing situation and also the implementation package that will be provided by Bill French.

Frame Relay Credits - Update discussion of credits due ICI.

<u>Complaint</u> - Discuss how the complaint sent to BellSouth was resolved and what measures were taken to prevent future abuses.

<u>Nodal Charge</u> - Discuss correction of nodal charges levied on ICI for the conversion to Synchronet pricing.

<u>EDI</u> - Update on the status of ICI's offer to be a beta test site for ordering unbundled elements, and complex services for resale. Establish time frames for the beta test and identify the appropriate company contacts.

Collocation - BellSouth to provide a copy of the latest version of their Collocation Handbook.

<u>Resale Discounts</u> - Discuss ICI's request to avail itself of the state ordered discounts for resale of BellSouth's services.

If you have any questions or need to speak with me, I can be reached at (813) 829-2896.

Mike Reith

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13USO file

BELLSOUTH

SetiSeath intercentaction Room South E4E1 3535 Celenneds Parkway Birmingham, Alebanta 35243

April 16, 1997

Mr. Tom Allen Vice President - Regulatory Tampa, FL

Dear Tom:

This is in reference to the meeting held in Atlanta between BellSouth and your Company on April 15, 1997. It was agreed in the meeting that ICI would order unbundled digital network elements as set forth in your recent amended agreement. ICI will place orders for two or three test circuits using unbundled elements such as loops, cross connects, channelization and interoffice transport. The discussed configuration does not contain a separate node/timing element. We would like to see ICI order two or three different arrangements. (For example, local channel to 1/0 mux; local channel, interoffice channel, 1/0 mux, etc.)

If these test circuits are successfully provisioned and working without a nodal element, the node charge would be credited to ICI for the period of June, 1996 through December, 1996. If the test circuits do not work without a nodal element, the adjustment would stand as-is. Please contact Pam Kruse at 205-977-1445 to proceed with the ordering of these unbundled network elements. We look forward to working with you on this matter. If you have any questions, please feel free to call me at 205-977-0535.

Sincerely,

Bill French
Sales Director



INTERMEDIA COMMUNICATIONS

April 23, 1997

Mr. Bill French
Director, Sales
BellSouth Interconnection Services
Room South E4E1
3535 Colonnade Parkway
Birmingham, Alabama 35243

Dear Mr. French

This is in reference to your letter, faxed April 22, 1997, dated April 16th, discussing Intermedia's interest in ordering unbundled network elements from BellSouth (copy attached).

Intermedia is indeed interested in ordering unbundled network elements from BellSouth. Intermedia is currently identifying potential customers for such a trial with BellSouth. Once this process is complete. Intermedia will be in a position to place various orders for testing BellSouth's unbundled network elements and associated support systems.

The second topic addressed in your fax was the application of nodal charges. Intermedia takes exception as to the context these charges are referenced in your letter and its implication that nodal charges were discussed by Intermedia during our April 15th meeting at BellSouth. In addition, Intermedia does not believe its appropriate to relate the current nodal charge credits at issue to any future trials with BellSouth.

During our interconnection negotiations and prior to any signed agreement, Intermedia made a written request for an unbundled loop capable of carrying frame relay services. BellSouth stated that it did not have such a product available. BellSouth offered a SynchroNet loop that would be price discounted, as an interim arrangement, until a frame relay loop could be developed (see attached BellSouth SynchroNet document). Intermedia subsequently agreed to this arrangement in an effort to move negotiations along. However, after the interconnection agreement had been struck, BellSouth placed additional (nodal) charges on the SynchroNet loops purchased by Intermedia.

Finally, Intermedia views this nodal charge issue as one of parity. BellSouth does not impose these charges for this functionality on itself or its frame relay customers. Therefore, we do not believe it is appropriate for these charges to be imposed on Intermedia.

Intermedia looks forward to finalizing this matter as it has been a continuing problem for all involved. Intermedia wishes to resolve this matter to everyone's satisfaction. If you would like to discuss this matter further, please call me at (813) 829-2077.

Sincerely,

Thomas E. Allen

Vice President, Strategic Planning and Regulatory Policy

CC: Fred Monacelli
Jerry Hendrix
Pam Kruse
Jon Canus
Ville Reith

J			

1 Q Yes.

- 2 A Is that the issue?
 - Q That is correct.

A I'm aware that there has been a lot of discussion between Intermedia and BellSouth with respect to those particular loops. There's a long history associated with that, associated with whether or not it was even a requirement of the Intermedia agreement.

We've, I think, worked our way through that, and as far as I know, we've finally reached accommodation and a means of provisioning that to you.

- Q That's as an interim resale arrangement as opposed to the provision of unbundled loops; is that not the case?
- A Well, we've reached the interim retail arrangements some months ago. It was sometime, I think, last year is where we reached that. I understood that some time, oh, around May, June, somewhere in that time frame, we have reached an agreement with -- to provide you with the actual unbundled elements.
- Q Let me ask this as a hypothetical then. Let's assume that BellSouth has been unable and continues to be unable to provision the -- a subloop unbundled element and the digital 4-wire loops that Intermedia has requested. Let's assume that as a hypothetical.

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Is it BellSouth's contention that the fact that it lists unbundled loop distribution -- well, 4-wire unbundled digital loops and subloop unbundled distribution in its statement, is basis enough to obtain 271 relief?

A No, that's not actually true. There are two parts to your question. One is that the specific loops that Intermedia has requested, first, those loops have to be identified as a network element that we are required to provide in order to show checklist compliance.

If that is the case, then we would obviously have to provide those loops upon request with Intermedia. If those loops are not required to be provided under the Telecom Act, then, no, it wouldn't — it would have no impact on checklist compliance. And as I understand it, the loops that Intermedia has been requesting, I think they're called frame relay loops, are not designated network elements.

Q So does BellSouth -- is that also BellSouth's position with subloop unbundled -- unbundled subloop elements?

A Unbundled subloop elements of loops that are not required to be offered, yes. It is not our position with respect to subloop elements for the ones that are

required to be offered, like 2-wire analog and 4-wire analog and DS-1, and whatever subloop unbundling has been identified as an unbundled network element for. But if it's a subloop of a loop that we don't have to offer, then --

Q How about other loops, like digitally conditioned 64 and 56 kilobit loops? Are those -- can BellSouth obtain 271 authorization without providing those as unbundled network elements?

A Again, I don't know if you're referring to a loop that is in fact one that we're required to offer or not. If you are referring to one that we are required to offer, then -- and somebody has asked for it, then we would have to offer it, within whatever the time frame is that we're required to and under the terms and conditions that we have to offer it. Based on that description, I can't tell whether that's one that we have to offer or not.

commissioner clark: Mr. Varner, let me follow up on that. Is it your testimony that if it is a designated network element that you have to offer, that using the bona fide request process is sufficient to meet the requirement that prices for that element be cost-based?

WITNESS VARNER: Yes, in the instance that

we've used it for those subloop elements, because the bona fide request process requires that the price be cost-based.

COMMISSIONER DEASON: How does that process work, that a bona fide request is deemed to place an item at cost?

that the price will be at cost. It means that the price will be based on cost. And it's similar to a process that we've had for sometime called special assemblies, where people want something that's somewhat unique and they request it, and we go and determine what is the cost of providing that particular item to that specific customer in the specific circumstances that they've asked for it, and then we would establish a price for it based on their specific set of circumstances.

COMMISSIONER DEASON: So under that process, you identify a procedure you will follow to identify the cost of providing that on a case-by-case basis?

WITNESS VARNER: Yes. And that process is included in the statement. It's identified in the statement what that process is, and it has in there commitment dates by which we would get back to them with information and so forth to process their request. And it has the commitment that the prices would be

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of Docket No. 960786-TL BellSouth Telecommunications, Inc.'s entry into interLATA services pursuant to Section 271 of the Federal Telecommunications Act of 1996.

FIFTH DAY - LATE AFTERNOON SESSION

VOLUME 23

Pages 2443 through 2617

PROCEEDINGS: HEARING

BEFORE: JULIA L. JOHNSON, CHAIRMAN

SUSAN F. CLARK, COMMISSIONER
J. TERRY DEASON, COMMISSIONER
DIANE K. KIESLING, COMMISSIONER

JOE GARCIA, COMMISSIONER

DATE: Monday, September 8, 1997

TIME: Commenced at 9:00 a.m.

PLACE: Betty Easley Conference Center

Room 148

4075 Esplanade Way Tallahassee, Florida

REPORTED BY: Lisa Girod Jones, RPR, RMR

APPEARANCES:

(As heretofore noted.)

RECEIVED 9-19-97

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2	(Transcript continues in sequence from Volume 22.)
3	JULIA A. STROW
4	continues her testimony under oath from Volume 22.)
5	CONTINUED DIRECT
6	CHAIRMAN JOHNSON: We're going to go ahead and
7	go back on the record.
8	MR. WIGGINS: Thank you, Madam Chairman.
9	We've had an opportunity to copy and distribute the
10	insert, so at this point I believe Ms. Strow is ready to
11	give her summary if that's okay.
12	CHAIRMAN JOHNSON: Have y'all had an
13	opportunity to review it? Let's go ahead and we can
14	perhaps take care of this before you begin your
15	summary.
16	MR. WIGGINS: Thank you.
17	CHAIRMAN JOHNSON: Are there any objections to
18	the language?
19	MR. RANKIN: Excuse me, we've had a chance to
20	review it, Madam Chairman, and I may deal with this on
21	cross examination with Ms. Strow so we can handle it
22	that way.
23	CHAIRMAN JOHNSON: Very well. The language
24	will remain as inserted into the record and will be

25 handled through cross examination questioning.